



County of Los Angeles
CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

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October 16, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

**UPDATE ON THE ACTUAL AVERAGE MONTHLY COST PER CHILD PER MONTH
FOR PROVIDING WRAPAROUND SERVICES**

On August 21, 2007, on motion of Supervisor Yaroslavsky, seconded by Supervisor Antonovich, your Board instructed the Chief Executive Office (CEO), in conjunction with the Department of Children and Family Services (DCFS), to: 1) determine the actual average per child per month costs of providing Wraparound services; and 2) if the costs are significantly below the fixed rate of \$4,184 per child per month, evaluate the feasibility of amending the existing Wraparound contracts to provide for either cost-based reimbursement, a tiered-funding structure allowing flexibility based on the child's needs, or a fixed monthly per child reimbursement that reflects actual costs expended.

On September 21, 2007, we reported to your Board findings on the actual average cost per child per month based on data provided by 25 of the 34 contract agencies providing wraparound services to children and families in Los Angeles County. Since that report, we requested and received additional clarifying information as well as data from the remaining nine agencies. As a result, we conducted further analysis and have determined that, based on the most recent 2007 data, the actual average cost for providing Wraparound services is \$4,518.38 per child per month which is \$334.38, or 8% higher than the DCFS contracted Wraparound rate of \$4,184 per child per month.

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However, the average cost reported includes services eligible for reimbursement from MediCal Early and Periodic Screening, Diagnostic and Treatment (EPSDT) funds, which all 34 Wraparound providers are able to bill for through their Department of Mental Health contracts. The reported average actual reimbursement to providers is \$4,460.93 per child per month including both the Wraparound eligible costs and EPSDT billing reimbursement, which is \$57.45, or 1% lower than their reported average actual costs. Please note that the actual Wraparound case rate reimbursement excludes placement costs while the child is in out-of-home care.

Based on our review of the most recent data, we find that the existing Wraparound rate is reasonable. However, we believe that a deeper examination of the cost structures at individual providers is warranted and will conduct a review over the next few months, and then reexamine alternative reimbursement models.

We will be meeting with your staff on Wednesday, October 17, 2007 to discuss our findings. If you have any questions or need additional information, please contact me, or your staff may contact Lynn Cao at (213) 893-1216 or Brian Mahan at (213) 974-1318.

WTF:SRH:BY
GP:BM:lm

c: Department of Children and Family Services